

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4848-01
Bill No.: SB 885
Subject: Agriculture Dept.; Merchandising Practices; Motor Fuel; Natural Resources Dept.
Type: Original
Date: February 15, 2010

Bill Summary: Modifies provisions pertaining to the storage and dispensing of motor fuel.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Petroleum Storage Tank Insurance Fund	\$0	(\$401,170 to \$522,820)	(397,390 to \$519,040)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(\$401,170 to \$522,820)	(\$397,390 to \$519,040)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Department of Natural Resources	(\$73,763)	(\$80,813)	(\$83,238)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$73,763)	(\$80,813)	(\$83,238)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal Funds	1	1	1
Total Estimated Net Effect on FTE	1	1	1

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation** and **Department of Agriculture** assume there will be no fiscal impact to their agency.

Officials from the **Department of Natural Resources (DNR)** assume under this proposal, the Board of Directors of the Petroleum Storage Tank Insurance Fund would establish a state operator training program for tanks. The DNR would work in concert with the Board to ensure the program meets federal requirements and take action should owners or operators fail to comply.

The DNR would require 1 FTE (Environmental Specialist III) to conduct overview of the program and enforcement of non-compliers.

The ES III would perform on-site visits to underground storage tank facilities to review operator training records and to audit training classes conducted by the owner/operator. The ES III would be responsible for answering questions and providing technical assistance to owners/operators, both written and verbal, regarding operator training certification requirements. Additionally, the ES III would be responsible for assuring that proper records are maintained by the owner/operator and develop a means of tracking compliance with the requirements of this proposal. The ES III would also assist in establishing rules required under this legislation.

Petroleum Storage Tank Insurance Fund

Existing staff would need to invest time for the first 1-2 years after passage of the bill to confer with industry representatives and other state agencies, hold a public hearing, write regulations (if the Board determines it is necessary to do so), and implement a training program. After two years, it is expected the demand on staff time will decrease. It is not anticipated that any new employees will be required, although the Board may revise one or more of its existing contracts with service providers or may enter into new contracts.

PSTIF officials:

Assume interagency collaboration, public hearing and rulemaking would be done using existing staff.

Assume a decision is made by PSTIF Board during FY11 that training is required.

ASSUMPTION (continued)

Assume regulations are promulgated during FY11 and training is initiated in FY12.

Multiple vendors have designed and are offering training already; assume Missouri reviews and approves at least two vendors' training courses for use by Missouri UST operators, with the cost reimbursed by the PSTIF.

Assume the cost of such training courses ranges from \$150 per person trained to \$200 per person trained.

Assume PSTIF will incur onetime software setup costs via its third party administrator of \$20,000 to modify its existing software or create new software, in which records on which UST sites have trained personnel can be maintained.

Assume a cost of \$10 per operating UST site per year to maintain training records and issue payments to trainers, (i.e., approved vendors).

Assume the PSTIF Board decides to implement 3 categories of training – Class A, Class B and Class C operators – as per federal guidelines.

Assume a 2-year period, (FY12 and FY13) to conduct training of Class A and Class B personnel for every operating UST location in the state.

Assume 20% of UST sites need retraining, (due to personnel turnover or other reasons), each year, beginning in FY14 and annually thereafter.

There are currently 3244 sites with operating USTs in Missouri, owned by approximately 1700 different owners. Assume 3244 Class A operators will need to be trained and 1622 Class B operators will need to be trained; assume Class A and/or Class B personnel will conduct Class C training at no additional cost to the State.

FY12 – lower range cost estimate

$$\$20,000 + \frac{1}{2}(3244 \times \$150) + \frac{1}{2}(1622 \times \$150) + \frac{1}{2}(3244 \times \$10) = \$401,170$$

FY12 – higher range cost estimate

$$\$20,000 + \frac{1}{2} (3244 \times \$200) + \frac{1}{2} (1622 \times \$200) + \frac{1}{2} (3244 \times \$10) = \$522,820$$

ASSUMPTION (continued)

FY13 – lower range cost estimate

$$\frac{1}{2}(3244 \times \$150) + \frac{1}{2}(1622 \times \$150) + (3244 \times \$10) = \$397,390$$

FY13 – higher range cost estimate

$$\frac{1}{2}(3244 \times \$200) + \frac{1}{2}(1622 \times \$200) + (3244 \times \$10) = \$519,040$$

FY14 – lower range cost estimate

$$0.2(3244 \times \$150) + (3244 \times \$10) = \$129,760$$

FY14 – higher range cost estimate

$$0.2(3244 \times \$200) + (3244 \times \$10) = \$162,200$$

FISCAL IMPACT - State Government

FY 2011
(10 Mo.)

FY 2012

FY 2013

**PETROLEUM STORAGE TANK
INSURANCE FUND**

Cost - Petroleum Storage Tank Insurance
Fund - Professional Services

\$0

(\$401,170 to
\$522,820)

(\$397,390 to
\$519,040)

**ESTIMATED NET EFFECT ON
PETROLEUM STORAGE TANK
INSURANCE FUND**

\$0

(\$401,170 to
\$522,820)

(\$397,390 to
\$519,040)

FISCAL IMPACT - Federal Government

FEDERAL FUNDS

Cost - Department of Natural Resources

Salaries

(\$39,696)

(\$49,065)

(\$50,536)

Fringe Benefits

(\$20,817)

(\$25,730)

(\$26,501)

Equipment & Expense

(\$13,250)

(\$6,018)

(\$6,201)

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

(\$73,763)

(\$80,813)

(\$83,238)

Estimated Net FTE Change

1

1

1

FISCAL IMPACT - Local Government

FY 2011
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Petroleum Storage Tank Insurance Fund (PSTIF)

Yes, if the PSTIF Board of Trustees determines that an operator training program is required, at least one employee for every convenience store and other location where fuel is stored in underground tanks will have to be trained. Through the training will be provided at no charge, to the extent that the employee(s) are diverted from their regular duties to attend at training class, there will be lost productivity for the business.

FISCAL DESCRIPTION

If, after a public hearing, the Board of Trustees of the Petroleum Storage Tank Insurance Fund decides that a training program is necessary for underground storage tank operators, the Board is authorized to create one. The Board must develop the program in collaboration with the Department of Natural Resources, the Department of Agriculture, and affected private stakeholders. The training must be provided at no cost to individuals who are required to attend. The Board may contract with third parties to provide the training.

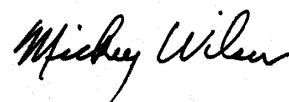
The Department of Agriculture must disregard the manufacturer's expiration date on motor fuel measuring devices and dispensing equipment and only require the replacement of such equipment when they fail inspection.

Any modification to the way motor fuel is measured or dispensed in a retail sale transaction must be specifically authorized by state statute before it may be modified in state regulation or before federal changes may be adopted by the state.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
Department of Agriculture
Department of Natural Resources



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Mickey Wilson, CPA
Director
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